

Introduced by Senator Torlakson

February 20, 2004

An act to add Division 19 (commencing with Section 40000) to the Streets and Highways Code, relating to motor vehicle fuel.

LEGISLATIVE COUNSEL'S DIGEST

SB 1614, as introduced, Torlakson. Gasoline and motor vehicle diesel fuel.

The Motor Vehicle Fuel License Tax Law imposes a tax of 18¢ per gallon of fuel, and requires, if the federal fuel tax is reduced below the rate of 9¢ per gallon and federal financial allocations to this state are reduced or eliminated, that the tax rate be increased so that the combined state and federal tax rate per gallon equals 27¢. The Diesel Fuel Tax Law imposes an excise tax for the use of fuel at a rate of 18¢ per gallon, and requires that, if the federal fuel tax is reduced below the rate of 15¢ per gallon and specified federal financial allocations to this state are reduced or eliminated, the tax rate be increased by an amount so that the combined state and federal tax rate per gallon equals 33¢ per gallon.

This bill would also impose a 10¢ fee on each gallon of gasoline subject to the Motor Vehicle Fuel License Tax Law and each gallon of motor vehicle diesel fuel subject to the Diesel Fuel Tax Law and would require revenues from the fee to be deposited in the Highway Fee Fund created by the bill. The bill would require the fee to be imposed on those persons and entities subject to and would be collected pursuant to the procedures set forth in the Motor Vehicle Fuel License Tax Law and the Diesel Fuel Tax Law. The bill would require, except for refunds of overpayments, that, upon appropriation by the Legislature, revenues from 9¢ of the fee be used to finance the maintenance, operation,



improvement, and construction of the state highway and local street and road system and that revenues from one cent of the fee be used to finance environmental programs that mitigate the air impacts of motor vehicles. The bill would require the California Transportation Commission to hold hearings annually in order to derive information to report to the Legislature on the amount of funding needed to maintain, operate, improve, and construct the state highway and local street and road system.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The excise tax on motor vehicle fuel was last increased on
4 January 1, 1994, when the rate was set at eighteen cents (\$0.18) per
5 gallon.

6 (b) The demand on California's state highways, streets, and
7 local roads has increased at a far greater rate than the revenues
8 available to operate, maintain, and improve the transportation
9 network.

10 (c) Increased motor vehicle fuel economy results in the
11 consumption of less fuel and the generation of less gas tax revenue
12 per mile driven, while inflation also erodes this revenue.

13 (d) Because motor vehicles create wear and tear on the
14 highway, street, and road system, users of the system should pay
15 the reasonable costs of maintaining, operating, and improving the
16 system.

17 (e) A fee on gasoline and diesel sales would help maintain,
18 operate, improve, and construct the state highway, local street, and
19 road system, and the amount of the levy would not exceed the
20 reasonable cost of funding those purposes.

21 (f) Because emissions from motor vehicles add to air quality
22 problems, a portion of the fee on gasoline and diesel sales should
23 be used for environmental programs that mitigate the air quality
24 impacts of motor vehicles.

25 SEC. 2. Division 19 (commencing with Section 40000) is
26 added to the Streets and Highways Code, to read:

27

DIVISION 19. GASOLINE AND DIESEL MOTOR
VEHICLE FUEL

40000. Notwithstanding any other provision of law, a fee of 10 cents (\$0.10) shall be imposed on each gallon of gasoline subject to Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code and each gallon of motor vehicle diesel fuel subject to Part 31 (commencing with Section 60001) of Division 2 of the Revenue and Taxation Code.

40001. Revenues generated from the fee imposed in Section 40000 shall be deposited in the Highway Fee Fund which is hereby created in the State Treasury and, except for refunds of nonpayments, may only be allocated, upon appropriation by the Legislature, as follows:

(a) Nine cents (\$0.09) of the 10 cent (\$.0.10) fee revenue shall be allocated to finance the maintenance, operation, improvement, and construction of the state highway and local street and road system.

(b) One cent of the 10 cent (\$0.10) fee revenue shall be allocated towards environmental programs that mitigate the air impacts of motor vehicles.

40002. The imposition of the fee in Section 40000 shall be as follows:

(a) The fee on gasoline shall be imposed on those persons and entities subject to, and shall be collected pursuant to the procedures set forth in, Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code.

(b) The fee on motor vehicle diesel fuel shall be imposed on those persons and entities subject to, and shall be collected pursuant to the procedures set forth in, Part 31 (commencing with Section 60001) of Division 2 of the Revenue and Taxation Code.

40003. The California Transportation Commission shall annually hold hearings in order to derive information to report to the Legislature on the amount of funding needed to maintain, operate, improve, and construct the state highway and local street and road system.